NAFTA Secretariat - Canadian Section

Secrétariat de l' ALÉNA - Section canadienne

2009-10 - Estimates

Part III - Report on Plans and Priorities

The Honourable Stockwell Day
Minister of International Trade

Canada

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Minister's Message

As a trading nation, Canada's continued prosperity depends on the secure, predictable and enhanced market access provided by trade agreements such as the North American Free Trade Agreement (NAFTA). The NAFTA has made all three partners more competitive. It allows goods producers and service providers to better realize their potential by operating a larger and more integrated market. Since NAFTA came into effect in 1994, trade between the NAFTA partners has tripled reaching $963 billion in 2007. For Canada, nearly seventy percent of our merchandise trade was with our NAFTA partners in 2007.

With the challenges in today's global economy, it is important that we continue to benefit from our relationship with our NAFTA partners. We are committed to ensuring that Canada's economy remains strong and prosperous. Therefore, we must continue building on NAFTA's success by ensuring that the Agreement remains relevant to today's economic reality. As such, we are committed to working with the United States and Mexico to continue building on this record of success through finding ways to further increase North American trade and investment to foster competitiveness and prosperity in all three economies so that North America is well positioned to compete in today's changing trade environment.

The Canadian Section of the NAFTA Secretariat has a role to play in strengthening Canada's international trade performance by maintaining a highly efficient, impartial and rules-based international trade dispute settlement process. This process benefits exporters and investors as they are more likely to engage in international commerce when the trading system is more secure and predictable and they have access to impartial dispute settlement mechanism and services, should disagreements arise.

In 2009-2010, the NAFTA Secretariat, Canadian Section, will continue to improve administrative support to panels and committees and foster better collaboration with the other national sections in joint policy and systems development. To reach these goals, it will continue to strengthen accountability and the management and development of its human resources by conducting a review to determine that resources are utilized efficiently.

The Honourable Stockwell Day
Minister of International Trade

SECTION 1: Agency Overview

1.1 Summary of Information

1.1.1 Raison d'être

> The NAFTA Secretariat's corporate purpose is to maintain a high level, impartial and independent service in the administration of the dispute settlement provisions of the North American Free Trade Agreement, in order to help preserve the benefits of free trade for all stakeholders.

1.1.2 Responsibilities

The NAFTA Secretariat, Canadian Section is an independent agency created in 1994 under the *North American Free Trade Agreement Implementation Act*. Its principle responsibility is to administer the dispute settlement provisions in NAFTA Chapters 19 and 20. It also supports the ministerial-level Free Trade Commission and participates in the Chapter 19 Working Group. The Canadian Section's mandate was expanded in 1997 and again in 2002 to include the administration of dispute settlement provisions in Canada's Free Trade Agreements with Israel, Chile and Costa Rica.

The Canadian Section reports to Parliament through the Minister of International Trade.

Additional information on the background and operations of the NAFTA Secretariat may be found at the Secretariat's Internet sites: www.nafta-sec-alena.org and www.nafta-alena.gc.ca

1.1.3 Strategic Outcome

A highly efficient, impartial and rules-based international trade dispute resolution process that benefits Canadian exporters to NAFTA countries, as well as NAFTA country exporters doing business in Canada.

1.1.4 Program Activity Architecture

The following chart illustrates the NAFTA Secretariat, Canadian Section's two program activities that contribute to the Agency's Strategic Outcome.

Program Activity Architecture

Strategic Outcome	A highly efficient, impartial and rules-based international trade dispute resolution process that benefits Canadian exporters to NAFTA countries, as well as NAFTA country exporters doing business in Canada.	
Program Activity	Administration of International Trade Dispute Settlement Mechanisms	Internal Services

1.2 Planning Summary

The two tables below show information on planned utilization of financial and human resources for the coming three-year period (see Section 2 for details):

1.2.1 Financial Resources ($ thousands)

2009-10	2010-11	2011-12
3,015	3,015	3,015

1.2.2 Human Resources

2009-10	2010-11	2011-12
12 FTEs	12 FTEs	12 FTEs

The following table summarizes the Canadian Section's strategic outcome and program activities including performance indicators, targets, expected results and planned spending.

Strategic Outcome						
A highly efficient, impartial and rules-based international trade dispute resolution process that benefits Canadian exporters to NAFTA countries, as well as NAFTA country exporters doing business in Canada.						
Performance Indicators			**Targets**			
Perception of institutional independence and increased confidence by participants in integrity of the dispute settlement process.			At least 80 % or more of clients are satisfied that the NAFTA Secretariat, Canadian Section, administers the dispute settlement provisions in a manner that ensures unbiased administrative processes, equity and fairness.			
Consistent and immediate availability of accurate, complete and relevant information to support panel proceedings.			At least 80% or more of clients are satisfied with the information support provided to them.			
Quality of procedural advice and guidance provided to panelists and participants on dispute settlement procedures.			At least 80% or more of clients are satisfied with the procedural advice and guidance provided to them.			
Extent of cooperation and joint undertakings with other national sections in the administration of panel proceedings			Effective collaboration in the administration of trade disputes and harmonized administrative policies and maintenance of common website and registry information system.			
Program Activity:	**Expected Results**	**Forecast Spending ($, 000) 2008-09**	**Planned Spending ($, 000)**			**Alignment to Government of Canada Outcome Area**
			2009-10	**2010-11**	**2011-12**	
Administration of International Trade Dispute Settlement Mechanisms	• improved support to panels and committees • unbiased and equitable administrative processes • increased national and international collaborations	**1,025**	1,815	1,815	1,815	A Strong and Mutually Beneficial North American Partnership
Internal Services	• improved management practices and continuous learning • corporate culture that ensures transparency in management processes	**700**	1,200	1,200	1,200	

1.2.3 Contribution of Priorities to Strategic Outcome

Table 1 below shows how our priorities contribute to our single strategic outcome.

Table 1: Contribution of Priorities to Strategic Outcome

Departmental Priorities	Type	Links to Strategic Outcome	Description
1. Support to panels and committees	Ongoing	SO 1	The major tasks are case management and administrative, technical and logistical support to panels and committees, including the administration of a court-like registry at a level comparable to other registries of superior courts of record in Canada.
2. Collaboration with delivery partners in the administration of trade disputes	Ongoing	SO 1	The Canadian Section will continue its collaborative endeavour with the other national sections in joint policy and systems development as well as in the joint administration of dispute settlement panels.
3. Management of corporate agenda	Ongoing	SO 1	To ensure continued effectiveness in its operations, the Canadian Section will build on its past initiatives to strengthen accountability and the management and development of its human resources. To this end, the Section is conducting a capacity review to ensure that resources within the organization are utilized to their maximum efficiency. Furthermore, the Section will continue its work to fully implement its new information management policy in line with the Treasury Board initiative (see Section 2.2.2 Program activity summary and Highlights).

1.2.4 Risk Analysis

Corporate Risk Profile

The Canadian Section faces a number of on-going challenges in delivering its mandate:

- In administering the NAFTA dispute settlement system, it is necessary to maintain effective working relationships with the U.S. and Mexican Sections of the Secretariat notwithstanding differing legal, administrative and cultural practices and traditions. This challenge is met through regular contacts and the development of strong cooperative relationships aimed at reaching consensus and finding common approaches to administrative and other matters.

- As a micro agency, the Canadian Section must manage increased reporting requirements and respond to other central agency initiatives with limited resources. In particular, the Canadian Section does not always have the necessary expertise in-house and may not have sufficient resources to handle the work load during peak reporting periods. To address these challenges, the Canadian Section has entered into shared services agreements with other agencies and departments for certain activities (human resources support services, financial systems and employee assistance program) and may use contract help during peak periods. The Canadian Section also participates actively in the Small Agencies Administrative Network and will continue to seek out new partnerships and shared services opportunities.

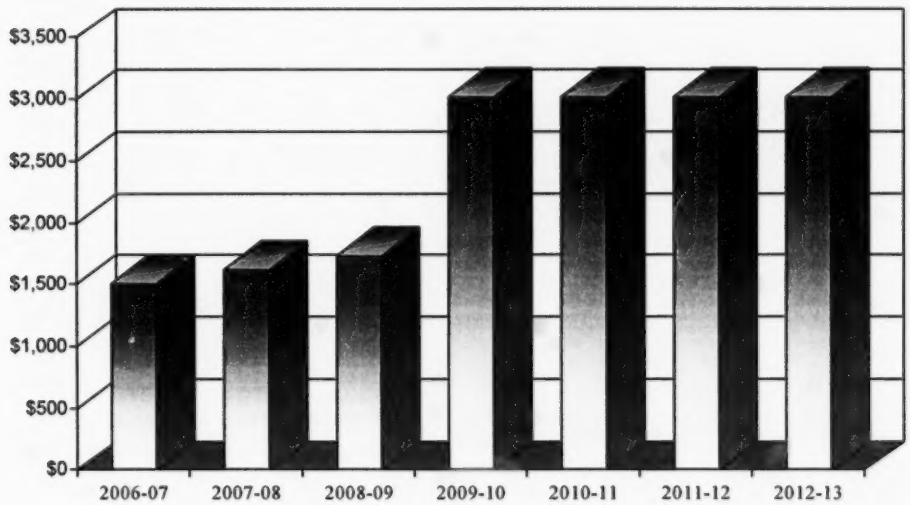
1.2.5 Expenditure Profile

The expenditure profile of the Canadian Section of the NAFTA Secretariat can vary from year-to-year and future spending trends are difficult to predict. This is because the costs associated with delivery of its program fluctuate with the number of dispute settlement cases that are filed. In 2009-2010, for example, it is expected that the case load will be smaller than in recent years.

The government is nevertheless required under NAFTA and Canadian legislation to maintain the dispute settlement system and be ready for new cases as they arise. This includes management of the dispute settlement case registry and NAFTA Secretariat web site, both of which are the responsibility of the Canadian Section on behalf of the Secretariat, as well as the provision of information to governments and the public on an on-going basis. The corporate expenses associated with the management of the agency itself are on-going.

Against this background, for 2009-10 fiscal year, the Canadian Section plans to spend $3.02 million to meet the expected results of its program activities and contribute to its strategic outcome. Its Operating Budget for 2007-2008 was $3.015 million, while the actual spending was $1.618 million. For 2008-2009, the projected spending is $1.725 million. As well, this level of spending trend will be remaining relatively stable during the next three planning periods.

The figure below shows the Canadian Section's spending trends from 2006-07 to 2012-13 ($ thousands).



2009-10 Allocation of funding by Program Activity ($ thousands)

Voted and Statutory Items

2009-2010 ($ thousands)			
Vote or Statutory Item	Truncated Vote or Statutory Wording	2008-2009 Main Estimates	**2009-2010 Main Estimates**
50	Program Expenditures	2,814	2,827
(S)	Contributions to employee benefit plans	190	188
	Total Planned Spending	3,004	3,015

SECTION 2: ANALYSIS OF PROGRAM ACTIVITIES BY STRATEGIC OUTCOME

2.1 Strategic Outcome

A highly efficient, impartial and rules-based international trade dispute resolution process that benefits Canadian exporters to NAFTA countries, as well as NAFTA country exporters doing business in Canada.

Our strategic outcome is directly aligned with one of the Government of Canada's outcomes, which is "**A Strong and Mutually Beneficial North American Partnership**".

2.2 Program Activity

The NAFTA Secretariat, Canadian Section, has two program activities:

- administration of international trade dispute settlement mechanisms; and
- internal services

The following sub-sections describe our program activities and identify the expected results, performance indicators and targets associated with them. Additionally, information on financial and non-financial resources is presented for each program activity explaining how the Canadian Section fulfills its mandated responsibilities and performance commitments.

2.2.1 Program Activity: administration of international trade dispute settlement mechanisms

Table 1: Priorities by Program Activity

Expected Results of Program Activity	Performance Indicators	Target
Improved administrative support to panels and committees to ensure a just, speedy and cost effective dispute settlement process.	Consistent and immediate availability of accurate, complete and relevant information to support panel proceedings.	At least 80% or more of clients indicating that they are fully satisfied with the information support provided to them.
	Quality of procedural advice and guidance provided to panelists and participants on dispute settlement procedures.	At least 80% or more of clients are satisfied with the procedural advice and guidance provided to them.

Foster effective collaboration in the administration of panel and committee proceedings between delivery partners.	Extent of cooperation and joint undertakings with other national sections in the administration of panel proceedings.	Harmonized administrative practices.
	Effective participation in the NAFTA Chapter 19 Operation Working Group Meetings to influence outcomes.	Active participation.

The two tables below show information on planned spending on financial and human resources associated with our key program activity over the coming three-year period.

Financial Resources and Human Resources

Financial Resources ($ thousands)		
2009-10	2010-11	2011-12
1,815	1,815	1,815

Human Resources (FTEs)		
2009-10	2010-11	2011-12
6	6	6

Program Activity Summary

This is the key program activity of the Canadian Section, which includes procedural advice and guidance, case management, administrative, technical and logistical support to panels and committees and collaboration with the U.S. and Mexican Sections in the joint administration of panels as well as in the joint development of policies and programs aimed at uniform practices

Planning Highlights

In order to achieve the strategic outcome, the Canadian Section will continue its collaborative endeavours with the other national sections in the administration of panels as well as in joint development of policies and programs aimed at facilitating the operations of the dispute resolution process. During the planning period, we will also continue to provide improved support to panels in the areas of case management and procedural guidance. As well, we will continue to improve on our administrative, technical and logistical support in the administration of trade disputes.

Benefits for Canadians

When NAFTA was implemented 15 years ago, it created the world's largest free trade area, which now links over 440 million people in an area which produces more than $12 trillion worth of goods and services. During the past 15 years, NAFTA partners have been conducting business within a framework that is open and governed by clear rules and accessible enforcement mechanisms with the goal of greater economic integration and cooperation. The dispute settlement mechanism, which the NAFTA Secretariat administers, underscores the rule of law and makes the trading system more secure and predictable.

2.2.2 Program Activity – Internal Services

Internal Services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. These groups are: Management and Oversight Services; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services; Acquisition Services; and Travel and Other Administrative Services. Internal Services include only those activities and resources that apply across an organization and not those provided specifically to a program.

Financial Resources and Human Resources

Financial Resources ($ thousands)		
2009-10	2010-11	2011-12
1,200	1,200	1,200

Human Resources (FTEs)		
2009-10	2010-11	2011-12
6	6	6

Program activity summary and Highlights

The Canadian Section is committed to strengthening its management practices in order to advance its management priorities. In 2009–2010, work will continue on government-wide management priorities, including Public Service Renewal, information management (IM) and the Treasury Board Policy suite renewal. Hence, the management agenda will continue to place priority on ensuring that a strong stewardship framework is in place and adhered to within the Canadian Section.

The highlights of the Internal Services program activity include continued use of the integrated business and human resources planning, strengthening compliance and eliminating shortcomings. To improve financial management control, we will promote more accurate financial reporting and analysis for informed decision making purposes.

HOW TO CONTACT US

Contacts and other relevant information:

NAFTA Secretariat, Canadian Section
90 Sparks Street, Suite 705
Ottawa, Ontario
K1P 5B4
Tel: (613) 992-9388
Fax: (613) 992-9392
Web Site: http://www.nafta-alena.gc.ca

The NAFTA Secretariat, Canadian Section:

Anne McCaskill	Canadian Secretary	(613) 992-9382
Judy Thériault	Executive Assistant	(613) 992-9382
Daniel Plourde	Deputy Secretary	(613) 992-9383
Maya Ali Adib	Financial Analyst	(613) 992-9385
Christine Allain	Receptionist	(613) 992-9388
Feleke Bogale	Registrar	(613) 992-9384
Darryl Dass	Systems Manager	(613) 947-9311
Renée Lagacé	Deputy Registrar	(613) 992-8325
Collette Lavallée	Compensation and Administrative Officer	(613) 943-7832
Marie-France Meunier	Information Management Officer	(613) 992-2303
Isabelle Costa Rego	Administrative Clerk	(613) 992-9386
Vacant	Counsel	(613) 944-1651

** Our e-mail addresses: given name, dot and last name followed by: @nafta-alena.gc.ca (e.g.: daniel.plourde@nafta-alena.gc.ca).